

Senate Bill No. 1133

Passed the Senate August 30, 2006

Secretary of the Senate

Passed the Assembly August 30, 2006

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 41207.1 to, and to add Article 3.7 (commencing with Section 52055.700) to Chapter 6.1 of Part 28 of, the Education Code, relating to public school finance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1133, Torlakson. School districts and community college districts: minimum funding.

(1) Existing provisions of the California Constitution require the state to apply a minimum amount of funding for each fiscal year for the support of school districts and community college districts. Existing law provides that, for purposes of those minimum funding requirements for school districts and community college districts, appropriations for deficiencies and prior year adjustments are deemed appropriations in the fiscal year in which the deficiencies or prior year adjustments occurred, unless otherwise provided by law.

Existing law requires that all determinations of percentages, amounts, revenues, appropriations, allocations, proceeds of taxes, increases in cost of living, or enrollments for the purposes of the minimum state education funding requirement be based upon the best available estimate until actual data becomes available, and then upon actual data when it is available.

This bill would substantially revise the procedure for making the determinations regarding data to be used to provide the minimum state educational funding.

(2) Existing federal law, the No Child Left Behind Act of 2001, requires a local educational agency to identify for program improvement any elementary or secondary school that fails, for 2 consecutive years, to make adequate yearly progress, as defined by the state. Existing federal law requires a school that continues to fail to make adequate yearly progress after being identified for program improvement to take additional corrective action or meet specified restructuring requirements.

Existing law, the Public Schools Accountability Act of 1999, establishes the Public School Performance Accountability

Program, a statewide school accountability system that consists of the Academic Performance Index (API), the Immediate Intervention/Underperforming Schools Program, and the Governor's High Achieving/Improving Schools Program. Existing law authorizes the Superintendent of Public Instruction to require a school district that fails to meet specified academic growth targets to enter into a contract with a school assistance and intervention team, as specified.

This bill would enact the Quality Education Investment Act of 2006, which would authorize school districts and other local educational agencies to apply to the Superintendent to receive funding to allocate to elementary and secondary schools and charter schools that are ranked in either decile 1 or 2 on the 2005 API for use in performing various specified measures to improve academic instruction and pupil academic achievement. The bill would impose various duties on the Superintendent, the Secretary for Education, and the State Board of Education regarding the review and approval of applications, the allocation of funds to applicant school districts and other local educational agencies, and other related matters, as specified. The bill would require participating schools, as defined, that receive funding to comply with various interim and program requirements. The bill would require county superintendents of schools to annually review participant schools and their data to determine compliance with the interim and program requirements and to notify the Superintendent if schools fail to satisfy those requirements. The bill would provide for the termination of funding following that notification under certain conditions. The bill would authorize a school district or other local educational agency that includes a participating school or schools for which funding is terminated to appeal that termination. The bill would authorize a school district or other local educational agency to apply to the Superintendent for permission to use alternative program requirements in lieu of those interim and program requirements, as specified. The bill would provide specified amounts of funding each school year based on grade level for each enrolled pupil at participating schools.

(3) This bill would appropriate \$300,000,000 from the General Fund for purposes of the Quality Education Investment Act of 2006, among other things, for the 2007–08 fiscal year, to be

allocated as specified. The bill would appropriate \$450,000,000 from the General Fund for purposes of the act, among other things, for each of the 2008–09 to 2013–14 fiscal years, inclusive, to be allocated as specified. The bill would provide that those appropriations are for the purpose of discharging in full the outstanding balance of the maintenance factor resulting from Chapter 213 of the Statutes of 2004, as specified. The bill would provide that, for purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the first \$1,620,928,000 of those amounts is General Fund revenues appropriated for school districts and community college districts for the 2004–05 fiscal year. The bill would provide that, for purposes of making those computations, the remainder of those amounts is General Fund revenues appropriated for school districts and community college districts for the 2005–06 fiscal year.

(4) This bill would appropriate the sum of \$1,117,000 from the General Fund to the department to fund 9.0 positions to implement the Quality Education Investment Act of 2006.

(5) This bill would require that funds not allocated to public elementary and secondary schools, charter schools, or community colleges pursuant to the bill in any fiscal year or funds resulting from program termination, as specified, in any fiscal year be available for reappropriation only in furtherance of the purposes of the bill. The bill would require that first priority for those funds be given to providing cost-of-living increases and growth-in-pupils adjustments to participating schools, as defined.

(6) By imposing additional duties on county superintendents of schools as part of the Quality Education Investment Act of 2006, this bill would impose a state-mandated local program.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 41207.1 is added to the Education Code, to read:

41207.1. (a) Notwithstanding Section 41206, the minimum state educational funding guarantee for school districts and community college districts for the 2004-05 fiscal year, as determined pursuant to Chapter 213 of the Statutes of 2004, is forty-eight billion six hundred seventy-five million six hundred seventy-four thousand dollars (\$48,675,674,000), creating an outstanding balance of one billion six hundred twenty million nine hundred twenty-eight thousand dollars (\$1,620,928,000). The outstanding balance shall be appropriated and allocated pursuant to Article 3.7 (commencing with Section 52055.700) of Chapter 6.1 of Part 28.

(b) Notwithstanding Section 41206, the outstanding balance of the minimum state educational funding requirement for school districts and community college districts required by subdivision (b) of Section 8 of Article XVI of the California Constitution in the 2005–06 fiscal year shall be determined using actual data agreed to by the Superintendent and the Director of Finance no later than January 31, 2008. The Director of Finance shall provide a written notification to the Legislature within one month after completion of the determination, detailing the data of the determination. The outstanding balance shall be appropriated and allocated pursuant to Article 3.7 (commencing with Section 52055.700) of Chapter 6.1 of Part 28.

(c) When the amount determined to be owed for the 2004–05 and 2005–06 fiscal years pursuant to subdivision (a) or (b) is fully appropriated and allocated pursuant to Article 3.7 (commencing with Section 52055.700) of Chapter 6.1 of Part 28, the data used in the computations made under subdivision (a) and (b) and the total amount owed by the state for the support of school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for those fiscal years, including as much of the maintenance factor for those fiscal years determined pursuant to subdivision (d) of Section 8 of Article XVI as has been allocated as required by subdivision (e) of Section 8 of Article XVI by virtue of the payments made

under this section, shall be deemed certified for purposes of Section 41206.

SEC. 2. Article 3.7 (commencing with Section 52055.700) is added to Chapter 6.1 of Part 28 of the Education Code, to read:

Article 3.7. Quality Education Investment Act of 2006

52055.700. This article shall be known and may be cited as the Quality Education Investment Act of 2006.

52055.710. It is the intent of the Legislature in enacting this article to accomplish all of the following:

(a) Implement the terms of the proposed settlement agreement in *California Teachers Association, et al. v. Arnold Schwarzenegger, et al.* (Case Number 05CS01165 of the Superior Court for the County of Sacramento).

(b) Provide for the discharge of the minimum state educational funding requirement of Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years.

(c) Improve the quality of academic instruction and the level of pupil achievement in schools in which pupils have high levels of poverty and complex educational needs.

(d) Develop exemplary school district and school practices that will create the working conditions and classroom learning environments that will attract and retain well qualified teachers, administrators, and other staff.

(e) Focus school resources, including all categorical funds, solely on instructional improvement and services to pupils.

52055.720. (a) For purposes of this article, the following definitions apply:

(1) “Academic Performance Index” or “API” means the Academic Performance Index established under Section 52052.

(2) “CBEDS” means the California Basic Educational Data System.

(3) “Funded school” means a school that is within a school district or chartering authority, receives funds allocated under this article, and complies with all applicable interim programs and alternative requirements described in this article.

(4) The “High Priority Schools Grant Program” or “HPSGP” means the High Priority Schools Grant Program established under Article 3.5 (commencing with Section 52055.600).

(5) “Secretary” means the Secretary for Education.

(6) “Superintendent” means the Superintendent of Public Instruction.

(b) Public schools and charter schools that are ranked in either decile 1 or 2 on the 2005 Academic Performance Index are eligible to receive funds under this article.

(c) A school that is funded under the High Priority Schools Grant Program, has not met the annual growth target requirements under Section 52055.650, and is designated as a state sanctioned school is eligible to be funded under this article if the school undergoes a rigorous review directed by the Superintendent.

(d) A school that is funded under the High Priority Schools Grant Program, and has met or is meeting the requirements of Section 52055.650, is eligible to receive funding under this article and the HPSGP if the school agrees to meet all accountability requirements of both programs.

(e) A school that is funded under this article and continues to meet the program and achievement requirements of this article shall be funded annually through the 2013–14 fiscal year.

(f) The funds appropriated pursuant to this article may be expended for any purpose identified under the schoolsite’s Single Plan for Pupil Achievement established under Section 64001.

52055.730. (a) The Superintendent shall identify and invite schools districts and chartering authorities that have eligible schools to participate in the program established under this article.

(b) The Superintendent shall notify school districts and chartering authorities at the earliest possible date of all of the following:

(1) Schoolsites in the district or of a chartering authority that are eligible to receive funding pursuant to this article.

(2) The program and accountability requirements for schools that receive funding pursuant to this article.

(3) The deadlines for the submission of documents necessary to receive funding pursuant to this article.

(4) Any other information the Superintendent deems necessary to implement this article.

(c) The Superintendent shall specify the manner in which school districts and chartering authorities shall submit applications to receive funding pursuant to this article. It is the intent of the Legislature that this submission process be as simple as possible, use easily available data, and include the requirements of this article.

(d) On or before June 30, 2007, the Superintendent, in consultation with interested parties, shall develop a uniform process that can be used to calculate average experience for purposes of reporting, analyzing, or evaluating the distribution of classroom teaching experience in grades, schoolsites, or subjects across the district. The uniform process shall include an index that uses the 2005–06 California Basic Educational Data System (CBEDS) Professional Assignment Information Form (PAIF), including any necessary corrections, as the base-reporting year to evaluate annual improvements of the funded schools toward balancing the index of teaching experience. The index shall be approved by the Superintendent. The uniform process shall designate teaching experience beyond 10 years as 10 years.

(e) The Superintendent shall make applications submitted pursuant to subdivision (c) available for review by the secretary. The Superintendent and the secretary shall review the applications and select the schools for recommendation to the state board within 30 days after the date the application is submitted to the Superintendent.

(f) After reviewing applications submitted pursuant to subdivision (c), the Superintendent and the secretary, jointly, shall submit their recommendations for schools to be funded to the state board for approval. The recommendations shall ensure a wide geographic distribution of funded schools across urban, rural, and suburban areas of the state. Schools selected should also represent a diverse distribution of grade levels. If the Superintendent and the secretary cannot complete the review and recommendation process in the time provided, the Superintendent shall submit recommendations to the board.

(g) To the maximum extent possible the Superintendent, the secretary, and the state board shall recommend and approve sufficient schools to use all available funds. A school selected in

the first year shall continue in the program unless it is terminated pursuant to subdivision (c) of Section 52055.740, it declines to participate, or there is evidence of fraud or fiscal irregularities.

(h) In approving the recommendations for funding from the Superintendent and the secretary, the state board shall also verify that the funded schools represent the required balance, geographic distribution, and diverse distribution of grade levels.

(i) The Superintendent shall perform the duties of a county superintendent of schools pursuant to this article for funded schools in those counties in which a single school district operates. The Superintendent may delegate this responsibility to a county superintendent of schools in the region in which the single district county is located.

(j) The Superintendent and the secretary may select not more than two county offices of education to provide regional technical support, document best practices, and provide information regarding those practices and other support information to schools, school districts, and chartering authorities. It is the intent of the Legislature that these activities be merged to the maximum extent feasible with other state and federally funded activities with similar requirements.

52055.740. (a) For each funded school, the county superintendent of schools for the county in which the school is located shall annually review the school and its data to determine if the school has met all of the following program requirements by the school by the end of the third full year of funding:

(1) Meet all of the following class size requirements:

(A) For kindergarten and grades 1 to 3, inclusive, no more than 20 pupils per class, as set forth in the Class Size Reduction Program (Chapter 6.10 (commencing with Section 52120)).

(B) For self-contained classrooms in grades 4 to 8, inclusive, an average classroom size that is the lesser of clause (i) or (ii), as follows:

(i) At least five pupils fewer per classroom than was the average in 2006–07.

(ii) An average of 25 pupils per classroom.

(iii) For purposes of this subparagraph, average classroom size shall be calculated at the grade level based on the number of self-contained classrooms in that grade at the schoolsite. If the self-contained classrooms at the school averaged fewer than 25

pupils per classroom during the 2005–06 school year, that lower average shall be used as the “average in 2006–07” for purposes of this subparagraph. A school that receives funding under this article shall not have a self-contained classroom in grades 4 to 8, inclusive, with more than 27 pupils regardless of its average classroom size.

(C) For classes in English language arts, reading, mathematics, science, or history and social science courses in grades 4 to 12, inclusive, an average classroom size that is the lesser of clause (i) or (ii), as follows:

(i) At least five pupils fewer per classroom than was the average in 2006–07.

(ii) An average of 25 pupils per classroom.

(iii) For purposes of this subparagraph, average classroom size shall be calculated at the grade level based on the number of subject-specific classrooms in that grade at the schoolsite. If the subject-specific classrooms at the school averaged fewer than 25 pupils per classroom during the 2005–06 school year, that lower average shall be used as the “average in 2006–07” for purposes of this subparagraph. A school that receives funding under this article shall not have a class in English language arts, reading, mathematics, science, or history and social science in grades 4 to 12, inclusive, with more than 27 pupils regardless of its average classroom size.

(D) Not increase any other class sizes in the school above the size used during the 2005–06 school year. If a funded school has a low-enrollment innovative class, it may increase the number of pupils in that class to a number that does not exceed the schoolwide average.

(2) In high schools, have a pupil-to-counselor ratio of no more than 300 to 1. Each counselor shall hold a services credential with a specialization in pupil personnel services issued by the Commission on Teacher Credentialing.

(3) Ensure that each teacher in the school, including intern teachers, shall be highly qualified in accordance with the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(4) Using the index established under Section 52055.730, have an average experience of classroom teachers in the school equal to or exceeding the average for the school district for this type of school.

(5) Exceed the API growth target for the school averaged over the first three full years of funding. Beginning in the fifth year of participation, funded schools shall meet their annual API growth targets. If the school fails to meet its annual growth target, the school shall continue to receive funding pursuant to this article, but shall be subject to state review, assistance, and timeline requirements pursuant to the HPSGP under Section 52055.650. The schoolsite administrator shall not automatically be reassigned based solely on that failure.

(b) For each funded school, the county superintendent of schools for the county in which the school is located shall annually review the school and its data to determine if the school has met all of the following interim requirements:

(1) Be at least one-third of the way toward meeting each of the program requirements specified in paragraphs (1) to (5), inclusive, of subdivision (a) by the end of the first full year of funding.

(2) Be at least two-thirds of the way toward meeting each of the program requirements specified in paragraphs (1) to (5), inclusive, of subdivision (a) by the end of the second full year of funding, and achieve full implementation by the end of the third full year and for each year thereafter.

(3) Have provided professional development to at least one-third of teachers and instructional paraprofessionals in the school annually.

(4) Meet all of the requirements of the settlement agreement in *Williams v. State of California* (Case Number CGC-00-312236 of the Superior Court for the County of San Francisco), including, among other things, the requirements regarding teachers, instructional materials, and school facilities, by the end of the first full year of funding, and in each year of funding thereafter.

(c) (1) If a county superintendent of schools determines that a funded school has not substantially met the requirements of subdivision (b) after the first or second full year of funding, or any alternative program requirements approved under Section 52055.760, he or she shall notify the Superintendent. If all of the interim and final requirements are not met by the end of any subsequent school year, the Superintendent shall terminate funding for that school.

(2) If the Superintendent terminates funding under this subdivision, the Superintendent shall provide advance notice to the district that is sufficient to allow the district a reasonable amount of time to make staff and other cost adjustments necessitated by the termination. The Superintendent shall provide the district with funds sufficient to cover the staff and other cost adjustments.

(d) A school district or chartering authority that includes a participating school or schools for which funding is terminated pursuant to subdivision (c) may appeal that action to the state board. The state board shall order the reinstatement of funding if, on appeal, the school district or chartering authority demonstrates that the data upon which the county superintendent of schools relied is in error and that the school in question can fully demonstrate its compliance with the applicable requirements.

52055.750. (a) A school district or chartering authority that receives funding pursuant to this article shall agree to do all of the following for each funded school within its jurisdiction:

(1) Comply with the program requirements of this article and require that each funded schoolsite complete and meet the criteria of an academic review process that includes the elements of the school assistance and intervention team review process described in Section 52055.51.

(2) Ensure that funded schools meet the requirements of this article.

(3) Ensure that each school administrator in a funded school is confirmed to have exemplary qualifications and experience by the end of the first full year of funding and in each year of funding thereafter. Those qualifications shall include the ability to support the success of all pupils by facilitating the development, articulation, implementation, and stewardship of a vision of learning that is shared and supported by the school community as well as the ability to advocate, nurture, and sustain a school culture and instructional program that is conducive to pupils learning and staff professional growth. The school district or chartering authority shall provide for high quality professional development for each administrator through leadership training, coaching, and mentoring and shall take all reasonable steps to maintain stable school leadership in schools that receive funding pursuant to this article. To the extent appropriate the professional

development shall be similar in quality and rigor to that provided pursuant to the Administrator Training Program under Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.

(4) Provide all fiscal and evaluation data requested by the Superintendent for initial approval, annual reviews, and reports.

(5) Comply with subdivisions (a) to (c), inclusive, of Section 52055.630, and in the same manner consult with the exclusive representative of classified employees.

(6) Assist eligible schools in developing and carrying out a plan to implement the provisions of this article to ensure the district's plan supports the work of the school.

(7) Agree to focus on conditions that improve instruction and achievement in funded schools.

(8) Express its full understanding that not meeting annual and final program and academic achievement requirements under this article will result in the termination of funding.

(9) Ensure that the funds received on behalf of funded schools are expended on that school, except that during the first partial year of funding districts may use funding under this article for facilities necessary to meet the class size reduction requirements of this article, if all funds are spent on funded schools within the district.

(10) Use the uniform process recommended by the Superintendent pursuant to subdivision (d) of Section 52055.730 to ensure that the average teaching experience of the classroom teachers in funded schools is equal to or greater than the average teaching experience of classroom teachers in the school district as a whole.

(b) If not expressly prohibited by federal law, a school district or chartering authority on behalf of a funded school is exempt from requirements imposed on the use of state categorical or federal funds in the consolidated application, except those funds related to economic impact aid, if those funds are identified in the revised plan of Section 52055.755. Funded schools are exempt from all program requirements associated with funds in the consolidated application, except requirements regarding parent advisory committees, schoolsite councils, and special education. Funds provided under the economic aid program shall not be used to implement this program.

(c) Each funded school shall ensure that each teacher in a subject-specific classroom or teaching covered subjects participates in professional development that is made available by the district or the schoolsite councils, is developed in a collaborative process with interested parties, and is articulated in an improvement plan. For purposes of this article, professional development activities may include collaboration time for teachers to develop new instructional lessons or analyze pupil data, mentoring projects for new teachers, or extra support for teachers to improve practice. At a minimum, appropriate professional development for the site shall be part of a coherent plan that combines school activities within the school, including, but not limited to, lesson study or coteaching, and external learning opportunities that meet all of the following criteria:

- (1) Are related to the academic subjects taught.
- (2) Provide time to meet and work with other teachers.
- (3) Support instruction and pupil learning to improve instruction in a manner that is consistent with academic content standards.

- (4) Include an average of 40 hours per teacher per year.

(d) At a minimum, professional development in a self-contained classroom shall include content regarding mathematics, science, English language arts, reading, and English language development. Professional development for teachers teaching subject specific courses shall include the specific subject and English language development. To the extent appropriate the professional development shall be similar in quality and rigor to the training provided under the Mathematics and Reading Professional Development Program in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65.

(e) On or before the end of the first three years of full funding, funded schools shall do the following:

- (1) Increase actual pupil attendance, as compared with monthly enrollment in the school.
- (2) For secondary schools, increase graduation rates as described in Section 52055.640.

52055.755. With assistance from the school district or the chartering authority, or, where appropriate, with regional assistance provided under subdivision (j) of Section 52055.730,

each funded school shall revise its plan adopted pursuant to Section 64001. The revised plan shall do all of the following:

(a) Include funds available pursuant to this article, including, but not limited to, the categorical funds described in subdivision (b) of Section 52055.750, unless expressly excluded under that section.

(b) Describe the manner in which the requirements of this act will be met.

(c) Focus on instructional improvement and improving instructional conditions.

52055.760. (a) A school district or chartering authority may apply for authority from the Superintendent to use alternative program requirements if the district or authority demonstrates that compliance with alternative program requirements would provide a higher level of academic achievement among pupils than compliance with the interim and program requirements of this article.

(b) Alternative program requirements may be used to serve no more than 15 percent of the pupils funded pursuant to this article. Alternative programs shall serve the entire school.

(c) A school district or chartering authority may use alternative program requirements at a funded school if all the following criteria are satisfied:

(1) The proposed alternative requirements are based on reliable data and are consistent with sound scientifically based research consistent with subdivision (j) of Section 44757.5 on effective practices.

(2) The costs of complying with the proposed alternative requirements do not exceed the amount of funding received by the school district or chartering authority pursuant to this article.

(3) Funded schools agree to comply with the alternative program requirements and be subject to the termination procedures specified in subdivision (c) of Section 52055.740. Funded schools with alternative programs shall also be required to exceed the API growth target for the school averaged over the first three fully funded years and annually thereafter.

(4) The Superintendent and the secretary have jointly reviewed the proposed alternative funded schools of the school district or chartering authority for purposes of this section and have recommended to the state board for its approval those schools,

using the same process as for the regular program recommendations.

(d) The Superintendent shall give priority for approval of schools with alternative programs to any school serving any of grades 9 to 12, inclusive, that has demonstrated to the satisfaction of the Superintendent and the secretary that the school cannot decrease class sizes as required under this article due to extraordinary issues relating to facilities, or due to the adverse impact of the requirements of this program, if implemented in the school, on the eligibility of the school district for state school facility funding.

52055.765. (a) The department shall perform, or contract with an independent evaluator to perform, all of the following:

(1) Compose a progress report on or before January 1, 2010, and a second progress report on or before January 1, 2012, on the implementation of the program authorized under this article.

(2) On or before January 1, 2014, conduct a final evaluation of the implementation of the program authorized under this article.

(3) Provide a report to the Legislature and the Governor regarding the final evaluation completed under paragraph (2) and, in that report, make recommendations to continue, modify, or terminate the program by January 1, 2014, based upon the results in meeting the measurements described in subdivision (b).

(b) The evaluation of the effectiveness of the program shall be based on effectiveness of strategies used by schools to implement the program and meet its accountability requirements pursuant to this article.

(c) The reports shall include pupil achievement data, disaggregated by subgroups, as required by the Academic Performance Index.

(d) The department may use resources provided pursuant to subdivision (j) of Section 52055.770, or funds allocated in the annual Budget Act, for the purposes of carrying out the requirements of this section.

52055.770. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars (\$500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars (\$900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars (\$1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS. For the 2007–08 fiscal year, the funded rates shall be reduced to reflect the percentage difference in the total amounts appropriated for purposes of this section in that year compared to the amounts appropriated for purposes of this section in the 2008–09 fiscal year.

(c) The following amounts are hereby appropriated from the General Fund for the purposes set forth in subdivision (f):

(1) For the 2007–08 fiscal year, three hundred million dollars (\$300,000,000), to be allocated as follows:

(A) Thirty-two million dollars (\$32,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the Community Colleges to community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(B) Two hundred sixty-eight million dollars (\$268,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(2) For each of the 2008–09 to 2013–14 fiscal years, inclusive, four hundred fifty million dollars (\$450,000,000) per fiscal year, to be allocated as follows:

(A) Forty-eight million dollars (\$48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the Community Colleges to community colleges as required under subdivision (e).

(B) Four hundred two million dollars (\$402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(d) For the 2013–14 fiscal year the amounts appropriated under subdivision (c) shall be adjusted to reflect the total fiscal settlement agreed to by the parties in California Teachers

Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and the sum of all fiscal years of funding provided to fund this article shall not exceed the total funds agreed to by those parties. This annual appropriation shall continue to be made until the Director of Finance reports to the Legislature, along with all proposed adjustments to the Governor's Budget pursuant to Section 13308 of the Government Code, that the sum of appropriations made and allocated pursuant to subdivision (c) equals the total outstanding balance of the minimum state educational funding obligation to school districts and community college districts required by Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

(e) The sum transferred under subparagraph (A) of paragraph (2) of subdivision (c) shall be allocated by the Chancellor of the Community Colleges as follows:

(1) Thirty-eight million dollars (\$38,000,000) to the community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(2) Ten million dollars (\$10,000,000) to the community colleges for the purpose of providing one-time block grants to community college districts to be used for one-time items of expenditure, including, but not limited to, the following purposes:

(A) Physical plant, scheduled maintenance, deferred maintenance, and special repairs.

(B) Instructional materials and support.

(C) Instructional equipment, including equipment related to career-technical education, with priority for nursing program equipment.

(D) Library materials.

(E) Technology infrastructure.

(F) Hazardous substances abatement, cleanup, and repair.

(G) Architectural barrier removal.

(H) State-mandated local programs.

(3) The Chancellor of the California Community Colleges shall allocate the amount allocated pursuant to paragraph (2) to community college districts on an equal amount per actual full-time equivalent student (FTES) reported for the prior fiscal year, except that each community college district shall be allocated an amount not less than fifty thousand dollars (\$50,000), and the equal amount per unit of FTES shall be computed accordingly.

(4) Funds allocated under paragraph (2) shall supplement and not supplant existing expenditures and may not be counted as the district contribution for physical plant projects and instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the annual Budget Act.

(f) The appropriations made under subdivision (c) are for the purpose of discharging in full the minimum state educational funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 fiscal year, and the outstanding maintenance factor for the 2005–06 fiscal year resulting from this additional payment of the Chapter 213 amount for the 2004–05 fiscal year.

(g) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state’s minimum funding obligation to school districts and community college districts in subsequent fiscal years, the first one billion six hundred twenty million nine hundred twenty-eight thousand dollars (\$1,620,928,000) in appropriations made pursuant to subdivision (c) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 and “General Fund Revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2004–05 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year. The remaining appropriations made pursuant to subdivision (c) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202

and “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for the 2005–06 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year.

(h) From funds appropriated under subdivision (c), the Superintendent shall provide both of the following:

(1) Not more than two million dollars (\$2,000,000) annually to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of *Williams v. California* (Super. Ct. San Francisco, No. CGC-00-312236).

(2) Five million dollars (\$5,000,000) in the 2007–08 fiscal year to support regional assistance under Section 52055.730. It is the intent of the Legislature that the Superintendent and the secretary, along with county offices of education, seek foundational and other financial support to sustain and expand these services. Funds provided under this paragraph that are not expended in the 2007–08 fiscal year shall be reappropriated for use in subsequent fiscal years for the same purpose.

(i) Notwithstanding any other provision of law, funds appropriated under subdivision (c) but not allocated to schools with kindergarten or grades 1 to 12, inclusive, in a fiscal year, due to program termination in any year or otherwise, shall be available for reappropriation only in furtherance of the purposes of this article. First priority for those amounts shall be to provide cost-of-living increases and enrollment growth adjustments to funded schools.

(j) The sum of one million one hundred seventeen thousand dollars (\$1,117,000) is hereby appropriated from the General Fund to the State Department of Education to fund 9.0 positions to implement this article. Funding provided under this subdivision is not part of funds provided pursuant to subdivision (c).

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made

pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Approved _____, 2006

Governor